

Message Text

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SUBJECT: YUGOSLAV COMMUNIQUE ON FOREIGN TRADE POLICY

1. LOCAL PRESS (INCLUDING TANJUG) HAS PUBLICIZED DECEMBER 25TH FEDERAL COMMITTEE FOR INFORMATION COMMUNIQUE ISSUED BY AUTHORITY OF FEC RELATING TO "CERTAIN TENDENTIOUS AND INCORRECT ASSERTIONS ABROAD AND IRRESPONSIBLE STATEMENTS BY SOME INDIVIDUALS IN YUGOSLAVIA AS TO ALLEGED MEASURES BY GOY AIMED AT LIMITING THE COUNTRY'S IMPORT FROM WESTERN EUROPE."

2. AT RISK OF REPEATING WHAT ALREADY AVAILABLE IN WASHINGTON, REMAINDER OF COMMUNIQUE AS PUBLISHED IN TANJUG READS AS FOLLOWS:

"YUGOSLAVIA HAS BEEN AFFECTED BY THE RECESSION IN DEVELOPED INDUSTRIAL COUNTRIES AND BY MEASURES AIMED AT GENERALLY REDUCING IMPORTS, AS WELL AS BY CERTAIN DISCRIMINATORY MEASURES DIRECTLY AFFECTING YUGOSLAVIA'S EXPORT TO THOSE COUNTRIES. IN 1975, THE DEVELOPED COUNTRIES OF THE WEST REDUCED BY SUCH MEASURES THEIR IMPORT FROM YUGOSLAVIA BY ABOUT 20 PERCENT WHILE YUGOSLAVIA'S IMPORTS FROM THESE COUNTRIES HAS INCREASED BY TWO PER CENT. THEREFORE, IN THE ELEVEN MONTHS OF THIS YEAR, YUGOSLAVIA'S IMPORT FROM THE WEST WAS 4 BILLION 244 MILLION DOLLARS AND ITS EXPORT TO THOSE COUNTRIES ONE BILLION 315 MILLION DOLLARS, ONLY.

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"THESE FACTS EVIDENTLY SPEAK OF THE TENDENTIOUS AND MALICIOUS ASPECTS OF THE ASSERTIONS ON ALLEGED MEASURES BY THE YUGOSLAV GOVERNMENT AIMED AT LIMITING THE COUNTRY'S IMPORT FROM WEST EUROPEAN COUNTRIES."

"THE ACTS TAKEN BY WEST EUROPEAN COUNTRIES IN THE FIELD OF TRADE WITH YUGOSLAVIA, AS WELL AS THE CONSEQUENCES BY WHICH YUGOSLAVIA IS AFFECTED, COULD JUSTIFY TAKING CORRESPONDING MEASURES BY THE YUGOSLAVIA SIDE. HOWEVER, YUGOSLAVIA HAS NOT TAKEN SUCH MEASURES BUT HAS RATHER APPLIED -- ON A STRICTLY NON-DISCRIMINATORY BASIS - A POLICY OF CONTROL OF IMPORTS, ONLY, IN ORDER TO KEEP IMPORTS WITHIN THE COUNTRY'S POSSIBILITIES IN THE BALANCE OF PAYMENTS.

"YUGOSLAVIA, AS A NON-ALIGNED COUNTRY, HAS PROVED BY ITS POLICY OF DEVELOPING ON AN EQUAL FOOTING ALL RELATIONS WITH THE WORLD AND, THEREFORE, ECONOMIC RELATIONS, TOO, THAT IT IS AN OPEN COUNTRY. THE YUGOSLAV GOVERNMENT WILL CONTINUE WITH SUCH A POLICY AND WILL OPPOSE ANY ATTEMPT AT IMPOSING UNEQUAL RELATIONS IN ANY FIELD OF COOPERATION WITH THE WORLD, BECAUSE IT CONSIDERS THAT IN THIS WAY IT HELPS SUCCESSFULLY SOLVE THE ECONOMIC PROBLEMS UPSETTING WORLD ECONOMY AND STRAINING INTERNATIONAL RELATIONS AS A WHOLE. STARTING FOR THIS, OUR FOREIGN TRADE PARTNERS ARE RIGHTLY EXPECTED TO HELP ALLEVIATE THE UNBALANCED FOREIGN EXCHANGE BY MAKING POSSIBLE LARGER IMPORTS FROM YUGOSLAVIA, WHICH WILL HAVE A POSITIVE IMPACT UPON FURTHER DEVELOPMENT OF MUTUAL ECONOMIC RELATIONS IN MUTUAL INTEREST."

3. EMBASSY COMMENT: WE PUZZLED AT REASONS FOR ISSUANCE OF COMMUNIQUE. OUR WESTERN EUROPEAN COLLEAGUES WORKING IN TRADE FIELD HAVE BEEN CONVINCED THAT SYSTEM OF SPECIAL IMPORT PERMITS IN FORCE SINCE JUNE HAS BEEN USED TO DISCOURAGE IMPORTS FROM WESTERN EUROPEAN COUNTRIES, IN ORDER TO SHIFT TRADE TOWARDS COUNTRIES WITH WHICH YUGOSLAVIA ENJOYS MORE FAVORABLE TRADE BALANCE (LIKE U.S.). HOWEVER, AS FAR AS WE AWARE NONE HAVE COMPLAINED OFFICIALLY TO GOY SINCE (A) HASN'T BEEN POSSIBLE TO ESTABLISH CONVINCING PROOF OF DISCRIMINATION; (B) TRADE BALANCE HAS BEEN OVERWHELMINGLY FAVORABLE FOR WESTERN EUROPE; (C) IN FACT, SOME EEC MEASURES (E.G., BEEF RESTRICTIONS) DO DISCRIMINATE AGAINST YUGOSLAVS. WE THEREFORE PUZZLED AT MOTIVE FOR ISSUING LIMITED OFFICIAL USE

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COMMUNIQUE AT THIS TIME. MOST REASONABLE EXPLANATION WE CAN THINK OF IS THAT GOY CONCERNED ABOUT ADVERSE STATEMENT SOMEWHERE IN WESTERN PRESS AND WHILE AGAIN STATING THEIR CASE AGAINST EUROPEANS FORCEFULLY ARE SEEKING REASSURE THEM THAT FORTHCOMING TRADE LEGISLATION WILL NOT BE OVERTLY DISCRIMINATORY. THIS SEEMS THIN TO US AND WE WILL TRY FOLLOW UP.
SILBERMAN

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